

HOUSE BILL REPORT

SB 5332

As Reported By House Committee On:
Financial Institutions & Insurance

Title: An act relating to securities.

Brief Description: Regulating securities.

Sponsors: Senators Prentice, Hale, Fraser and Winsley; by request of Department of Financial Institutions.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 3/22/95, 3/23/95 [DP].

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass. Signed by 14 members: Representatives L. Thomas, Chairman; Beeksma, Vice Chairman; Smith, Vice Chairman; Wolfe, Ranking Minority Member; Grant, Assistant Ranking Minority Member; Benton; Campbell; Costa; Dyer; Huff; Kessler; Mielke; Ogden and Pelesky.

Staff: Charlie Gavigan (786-7340).

Background: In 1993, the Legislature consolidated several responsibilities of the Department of General Administration and the Department of Licensing into the Department of Financial Institutions. The Department of Licensing transferred the Securities Division to the Department of Financial Institutions. The Securities Division regulates securities, franchises, business opportunities, commodities, and other investments.

Under the Securities Act of Washington, the director of the Department of Financial Institutions, or an officer designated by the director, has the ability to subpoena witnesses to aid in an investigation. Currently, when there is a violation of the Securities Act, the director has the power to issue a cease and desist order to stop the behavior. However, the director must obtain a court order to mandate an affirmative action, such as returning investor funds.

Summary of Bill: The director of the Department of Financial Institutions is permitted to issue subpoenas in Washington for other states, if the activity that occurred in the other states also violated Washington's Securities Act.

The director is permitted to include affirmative relief, such as returning an investor's funds, in a cease and desist order.

Various modifications are made to the filing provisions of the Securities Act of Washington, and some filing requirements are eliminated.

Appropriation: None.

Fiscal Note: Requested on February 2, 1995.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The bill enables the Department of Financial Institutions to provide affirmative relief to consumers without going through a cumbersome injunctive process. The state securities law is updated by deleting various filing and notice requirements. Additional subpoena powers are part of a national movement for states to help each other in apprehending securities violators.

Testimony Against: None.

Testified: Deborah Bortner, Department of Financial Institutions (pro).